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UNCLAS HARARE 000619

SIPDIS

STATE FOR AF/S
NSC FOR SENIOR AFRICA DIRECTOR JFRAZER
USDOC FOR 2037 DIEMOND
PASS USTR ROSA WHITAKER
TREASURY FOR ED BARBER AND C WILKINSON
STATE PASS USAID FOR MARJORIE COPSON

E. O. 12958: N/A

TAGS: [ECON](#) [EINV](#) [ETRD](#) [ZI](#)

SUBJECT: Business and the Stayaway

1. Summary: Zimbabwe's business sector remained mostly neutral during the opposition-led stayaway March 19-20. Most companies sympathize with many opposition aims, but are unwilling to test the wrath of the GOZ. End summary.

2. We have spoken to over a dozen multinational and local company heads about the stayaway. These firms paid employees who were prevented from working during the stayaway. Company reps acknowledged their operations suffered losses but none seemed overtly hostile to the opposition tactic. However, several businessmen were uncomfortable with the prospect of further stayaways, arguing that industry could not sustain additional hardship.

Cost of Stayaways

3. Local economists agree that the cost of stayaways is formidable. Using very crude data of 70 percent production stoppage for two of 250 annual workdays, an industry economist suggested the stayaway may have shaved as much as .4 percent from 2003 GDP. Since many companies are already operating at less than full capacity, however, they may be able to recoup production losses over the next weeks, mitigating any negative impact on national output.

The Discomfort of Taking Sides

4. A senior Barclays executive received a phone call from a high MDC official urging that Barclays not open on the strike's second day. In part due to its British origins, this made Barclays extremely uncomfortable, although the bank was largely closed on the second day anyway. Another businessman, Anthony Mandiwanza, head of the Dairiboard as well as the Confederation of Zimbabwe Industries, said the stayaway was not relevant for businesses the day before the strike. He took heavy criticism in the independent press for this remark.

Comment

5. Contending with a government that intuitively distrusts the private sector, companies are loath to publicly support stayaways or other political protest. White commercial farmers paid dearly for backing the Movement for Democratic Change (MDC) in last year's elections. GOZ officials have already argued that pro-MDC firms "shut out" employees from work. Where possible, we expect the private sector will continue to steer clear of open political engagement.

Sullivan